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FM AMEMBASSY BEIJING  
TO SECSTATE WASHDC PRIORITY 0741  
INFO AIT TAIPEI 3892  
AMCONSUL SHANGHAI  
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AMCONSUL HONG KONG  
AMEMBASSY TOKYO  
AMEMBASSY SEOUL  
USCINCPAC HONOLULU HI  
JICPAC HONOLULU HI  
DEPT OF TREASURY WASHDC  
ZEN/AMCONSUL CHENGDU

C O N F I D E N T I A L SECTION 01 OF 04 BEIJING 002438

TREASURY FOR OASIA/INA - KEIDEL/DUPUY  
STATE PASS FEDERAL RESERVE BOARD FOR JOHNSON, NEW YORK  
FRB FOR DAGES/CLARK/CHU, SAN FRANCISCO FRB FOR CURRAN

STATE PASS USTR FOR FREEMAN/NEUREITER

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SUBJECT: NPC SET TO VOTE FOR NEW CHINESE GOVERNMENT

REFS: A) BEIJING 1176; B) SECTO 0018; C) BEIJING 2230

(U) CLASSIFIED BY POLITICAL MINISTER COUNSELOR JON  
ALOISI. REASON 1.5 (B) (D).

SUMMARY

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¶1. (C) THE UPCOMING NATIONAL PEOPLE'S CONGRESS (NPC) PLENARY SESSION WILL SELECT CHINA'S NEW STATE AND LEGISLATIVE LEADERS, ALONG WITH THE LEADERS OF THE NEW STATE COUNCIL, STATE CENTRAL MILITARY COMMISSION (CMC) SUPREME PEOPLE'S COURT (SPC) AND SUPREME PEOPLE'S PROCURATORATE (SPP). WHILE THE NPC'S ROLE IN THIS PROCESS IS LITTLE MORE THAN THAT OF A RUBBERSTAMP, THE VERY FACT THAT THE VOTING RESULTS WILL BE MADE PUBLIC FORCES THOSE WHO ARE REALLY CALLING THE SHOTS TO NOMINATE TECHNICALLY "QUALIFIED" CANDIDATES WHOSE SELECTION CAN BE DEFENDED. RELATIVELY LOW "VOTING" OUTCOMES WILL ALSO INDICATE DELEGATES' CONFIDENCE, OR LACK THEREOF, IN THE NEW LEADERS. END SUMMARY.

¶2. (U) THE MOST IMPORTANT JOB THAT DELEGATES WILL PERFORM AT THE NPC SESSION, WHICH WILL BEGIN MARCH 5, IS THE SELECTION OF CHINA'S NEW STATE LEADERS. SPECIFICALLY, DELEGATES MUST APPROVE IN A CONFIRMATION-LIKE "ELECTION" CHINA'S STATE PRESIDENT AND VICE PRESIDENT, CHINA'S NEW PREMIER, VICE-PREMIERS, STATE COUNCILLORS, HEADS OF STATE COUNCIL MINISTRIES AND COMMISSIONS (CURRENTLY 29 BODIES, THOUGH THIS WILL CHANGE AS A RESULT OF A RESTRUCTURING PLAN WHICH WILL ALSO BE INTRODUCED AT THIS NPC SESSION), THE STATE COUNCIL SECRETARY-GENERAL, THE CHAIRMAN AND MEMBERS OF THE CMC, THE MEMBERS OF THE NPC'S STANDING COMMITTEE, THE NPC STANDING COMMITTEE CHAIRMAN AND CHAIRMEN OF THE LEGISLATURE'S 14 FUNCTIONAL COMMITTEES, THE SPC PRESIDENT AND THE SPP PROCURATOR-GENERAL. THIS PROCESS WILL END THE TWO-PART GENERATIONAL TURNOVER OF LEADERS WHICH BEGAN WITH THE COMMUNIST PARTY'S (CCP'S) 16TH NATIONAL CONGRESS LAST NOVEMBER.

¶3. (C) NOTWITHSTANDING THE NPC'S CONSTITUTIONAL MANDATE TO SELECT LEADERS AND MEMBERS OF CHINA'S HIGHEST STATE ORGANS, DELEGATES IN REALITY WILL ONLY BE ASKED TO RUBBERSTAMP CANDIDATE NAMELISTS FINALIZED DURING THE FEBRUARY 24-26 SECOND PLENUM OF THE CCP'S CENTRAL COMMITTEE. MANY OF THOSE ELECTED INTO THE PARTY'S TOP BODIES (I.E., THE STANDING COMMITTEE AND POLITBURO) IMMEDIATELY AFTER LAST NOVEMBER'S PARTY CONGRESS WILL ASSUME GOVERNMENT POSITIONS COMMENSURATE WITH THEIR PARTY RANK (I.E., PREMIER, VICE PREMIER OR STATE

COUNCILLOR). MOST OF THE REMAINING CANDIDATES ON THE LISTS PRESENTED TO NPC DELEGATES WERE PREVIOUSLY PLACED IN POSITIONS WHICH WILL ALLOW THEM TO EMERGE DURING THE NPC SESSION AS THE "MOST QUALIFIED" CANDIDATES.

#### EMPHASIS ON QUALIFICATIONS, NOT PARTY CONNECTIONS

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14. (C) OUR CONTACTS CONCUR, HOWEVER, THAT THE DYNAMICS OF THE GOVERNMENT TURNOVER DIFFER FROM THOSE OF THE PARTY LEADERSHIP TRANSITION. MOST IMPORTANT IN THIS REGARD IS THAT, UNLIKE THOSE PARTICIPATING IN THE PARTY CONGRESS, NPC VOTE TOTALS ARE MADE PUBLIC. WHILE CHOSEN FOR THEIR POLITICAL RELIABILITY, EXPERIENCE HAS SHOWN THAT SOME NPC DELEGATES ARE WILLING TO VOTE "NO" OR TO ABSTAIN IN CASES WHERE THE CANDIDATES ARE UNPOPULAR. THIS PUTS PRESSURE ON PARTY LEADERS TO NOMINATE TECHNICALLY "QUALIFIED" CANDIDATES WHOSE SELECTION CAN BE DEFENDED TO NPC DELEGATES. OTHERWISE, THE PARTY RISKS SEEING ITS CHOSEN CANDIDATES RECEIVE EMBARRASSINGLY LOW (I.E., BELOW 90 PERCENT) SUPPORT RATES, THOUGH THE NPC HAS NEVER REJECTED OUTRIGHT ANY OF THE CENTRAL COMMITTEE'S "OFFICIAL" CANDIDATES.

#### PRESIDENT AND VICE PRESIDENT

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15. (C) GIVEN JIANG ZEMIN'S PHASED RETIREMENT THAT BEGAN WITH HIS RELINQUISHING THE CCP'S GENERAL SECRETARY POSITION LAST NOVEMBER, THE BIG PRIZE AT THIS NPC SESSION WILL BE HIS STATE PRESIDENT POSITION. THE 76 YEAR-OLD PRESIDENT HAS SERVED HIS CONSTITUTIONAL TWO-TERM LIMIT. JIANG CONFIRMED TO SECRETARY POWELL ON FEBRUARY 24 THAT HE WILL, AS EXPECTED, TURN OVER HIS STATE POSITION TO 60 YEAR-OLD CCP GENERAL SECRETARY HU JINTAO (REF B). EMBASSY SOURCES CONCUR THAT JIANG'S PROTEGE, FIFTH-RANKED STANDING COMMITTEE MEMBER ZENG QINGHONG, WILL TAKE OVER HU'S VICE PRESIDENCY. WORTH WATCHING WILL BE THE NUMBER OF VOTES RECEIVED BY BOTH MEN; A LOW APPROVAL LEVEL FOR ZENG, PARTICULARLY IF HU'S POSITIVE VOTE IS HIGH, COULD PROVE EMBARRASSING TO JIANG.

#### STATE COUNCIL LEADERSHIP POSITIONS

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16. (C) THERE WILL BE A CONSIDERABLE TURNOVER AT THE TOP LEVELS OF CHINA'S (GOVERNMENTAL) STATE COUNCIL THIS YEAR. PREMIER ZHU RONGJI, TWO OF FOUR VICE PREMIERS (LI LANQING AND QIAN QICHEN), THREE OF FIVE STATE COUNCILLORS (CHI HAOTIAN, ISMAIL AMAT AND WANG ZHONGYU), AND THE STATE COUNCIL SECRETARY-GENERAL (ALSO WANG ZHONGYU) ARE ALL WELL OVER THE MANDATORY RETIREMENT AGE OF 65. THE REMAINING TWO VICE PREMIERS (WU BANGGUO AND WEN JIABAO) AND STATE COUNCILLOR LUO GAN ARE ALL MEMBERS OF THE CCP'S NEW STANDING COMMITTEE, INDICATING THAT THEIR RETIREMENT IS NOT IMMINENT. WU YI, THE REMAINING STATE COUNCILLOR AND THE ONLY WOMAN AT THE TOP LEVELS OF CHINA'S POLITICAL LEADERSHIP, WAS ELECTED TO FULL POLITBURO MEMBERSHIP (ALBEIT NOT TO THE STANDING COMMITTEE) AT THE 16TH PARTY CONGRESS.

17. (C) EMBASSY CONTACTS ARE ALSO IN AGREEMENT THAT WEN JIABAO, WHO HAS BEEN PERFORMING MANY OF THE PREMIER'S RESPONSIBILITIES SINCE LAST NOVEMBER, WILL REPLACE ZHU. THEY ALSO AGREE THAT SIXTH-RANKING STANDING COMMITTEE MEMBER HUANG JU WILL REPLACE LI LANQING AS EXECUTIVE VICE PREMIER, WHILE POLITBURO MEMBERS WU YI, ZENG PEIYAN AND HUI LIANGYU WILL ALL BE "ELECTED" VICE PREMIERS.

18. (C) WITH THE EXCEPTION OF POLITBURO MEMBER AND PEOPLE'S LIBERATION ARMY GENERAL CAO GANGCHUAN, WHO SEEMS CERTAIN TO REPLACE CHI HAOTIAN, THERE IS LESS CERTAINTY OVER THE NEW STATE COUNCILLORS. VARIOUS SOURCES HAVE SUGGESTED THAT POLITBURO MEMBER (AND MINISTER OF PUBLIC SECURITY) ZHOU YONGKANG (60), AND CENTRAL COMMITTEE MEMBERS TANG JIAXUAN (65), DOJE CERING (63), DAI BINGGUO (62) AND HUA JIANMIN (63) ARE POSSIBLE

CANDIDATES. HUA, WHO HAS BEEN SERVING AS THE DIRECTOR OF THE OFFICE OF THE CENTRAL COMMITTEE'S LEADING GROUP FOR FINANCE AND ECONOMICS, MIGHT ALSO BE A CANDIDATE TO REPLACE WANG ZHONGYU AS STATE COUNCIL SECRETARY-GENERAL. OF THESE INDIVIDUALS, SOURCES HAVE SUGGESTED THAT HUANG JU, WHO SUFFERS FROM A REPUTATION FOR CORRUPTION AND IMMORAL BEHAVIOR, AND ZHOU YONGKANG, WHOSE CONTROVERSIAL ASSIGNMENT LAST DECEMBER AS MINISTER OF PUBLIC SECURITY IS SEEN BY MANY AS REVERSING A 20-YEAR EFFORT TO DECREASE HIS MINISTRY'S POWER, ARE MOST LIKELY TO RECEIVE LOW NPC VOTES.

#### COMMISSIONS AND MINISTRIES

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¶9. (U) NINETEEN OF CHINA'S 29 MINISTERS AND COMMISSION DIRECTORS ARE OVER 60. SIX ARE OVER OR NEARING RETIREMENT AGE. THESE ARE: MINISTER OF NATIONAL DEFENSE CHI HAOTIAN (73), MINISTER OF FOREIGN AFFAIRS TANG JIAXUAN (65), MINISTER OF RAILWAYS FU ZHIHUAN (65), MINISTER OF INFORMATION INDUSTRY WU JICHUAN (65), STATE DEVELOPMENT PLANNING COMMISSION DIRECTOR ZENG PEIYAN (64) AND STATE COMMISSION OF SCIENCE, TECHNOLOGY AND INDUSTRY FOR NATIONAL DEFENSE DIRECTOR LIU JIBIN (64). IN ADDITION, MINISTER OF CIVIL AFFAIRS DOJE CERENG (63) HAS SERVED MORE THAN ONE FULL TERM. (WHILE SERVING MORE THAN ONE TERM DOES NOT NECESSARILY DISQUALIFY A MINISTER FOR REMAINING IN OFFICE, IT DOES SUGGEST THAT THE INDIVIDUAL IS LIABLE TO BE REASSIGNED.)

¶10. (C) WORKING-LEVEL CONTACTS AT THE MINISTRY OF FINANCE (MOF) HAVE INDICATED THAT CURRENT FINANCE MINISTER XIANG HUAICHENG (64) WILL BE REPLACED BY STATE ADMINISTRATION OF TAXATION (SAT) DIRECTOR JIN RENQING. XIANG WILL TAKE OVER MANAGEMENT OF THE CENTRAL GOVERNMENT'S SOCIAL SECURITY FUND FROM FORMER FINANCE MINISTER LIU ZHONGLI. ADDITIONAL MOF SCUTTLEBUTT NAMES JIN'S SUCCESSOR AT THE SAT AS XIE XUREN, A VICE MINISTER OF THE STATE ECONOMIC AND TRADE COMMISSION WHO PREVIOUSLY SERVED AS A VICE MINISTER OF FINANCE AND AS A VICE SECRETARY OF THE CCP'S FINANCIAL WORK COMMISSION. IN ADDITION, PEOPLE'S BANK OF CHINA GOVERNOR ZHOU XIAOCHUAN, WHO ONLY ASSUMED HIS POST AT THE END OF DECEMBER, WILL BE RECONFIRMED AS HEAD OF CHINA'S CENTRAL BANK.

¶11. (C) GIVEN EFFORTS AT THE PARTY CONGRESS TO PUT SIGNIFICANTLY YOUNGER CADRES IN LEADERSHIP POSITIONS, A CENTRAL PARTY SCHOOL DIRECTOR SUGGESTED THAT THE TURNOVER COULD BE SUBSTANTIAL, EVEN OF LEADERS WHO ARE STILL SEVERAL YEARS AWAY FROM MANDATORY RETIREMENT AND EVEN WITHIN THOSE MINISTRIES UNAFFECTED BY THE RESTRUCTURING PLAN. OTHER SOURCES DISAGREE, SUGGESTING THAT MANY OF THESE 60-SOMETHING INDIVIDUALS IN FACT HAVE BEEN IN PLACE LESS THAN A FULL TERM AND ARE THUS LIKELY TO REMAIN FOR AT LEAST A FEW MORE YEARS. SUPPORTING THE LATTER ANALYSIS IS THE FACT THAT FEW OF THE EXECUTIVE VICE MINISTERS WHO WOULD MOST LIKELY REPLACE OUTGOING MINISTERS ARE FULL OR ALTERNATE CENTRAL COMMITTEE MEMBERS.

¶12. (C) EMBASSY CONTACTS HAVE PICKED CAO GANGCHUAN TO REPLACE CHI HAOTIAN, EXECUTIVE VICE FOREIGN MINISTER LI ZHAOXING TO REPLACE TANG AND DEPUTY STATE COUNCIL SECRETARY-GENERAL MA KAI TO TAKE OVER FROM ZENG PEIYAN AT A RESTRUCTURED STATE DEVELOPMENT AND PLANNING COMMISSION. SOURCES AT THE MINISTRY OF CIVIL AFFAIRS CONTINUE TO SUGGEST THAT EXECUTIVE VICE MINISTER LI XUEJU, ALTHOUGH NOT A CENTRAL COMMITTEE MEMBER OR ALTERNATE, MAY REPLACE DOJE CERENG.

#### CENTRAL MILITARY COMMISSION

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¶13. (C) SINCE THE 1970'S, THE MEMBERSHIPS OF THE STATE AND THE PARTY CENTRAL MILITARY COMMISSIONS HAVE BEEN IDENTICAL; NO CHANGES IN THIS REGARD ARE LIKELY AT THE 10TH NPC. JIANG ZEMIN TOLD SECRETARY POWELL ON FEBRUARY

24 THAT HE WILL RETAIN HIS CMC CHAIRMANSHIP, DESPITE SOME SPECULATION TO THE CONTRARY. REMAINING STATE CMC MEMBERS WILL BE THE SAME INDIVIDUALS WHO ARE SERVING ON THE PARTY CMC.

#### NPC POSITIONS

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¶14. (U) PROBABLY THE LARGEST TURNOVER OF PERSONNEL WILL BE OF THOSE WHO WILL LEAD THE NPC. STANDING COMMITTEE CHAIRMAN LI PENG, WHO IS 74, WILL DEFINITELY RETIRE, ALONG WITH 17 STANDING COMMITTEE VICE CHAIRMEN (ALL BUT THREE OF WHOM ARE WELL OVER 65) AND AT LEAST 13 OF 14 CHAIRMEN OF THE NPC'S FUNCTIONAL COMMITTEES. THE NEW NPC DELEGATES MUST ALSO ELECT A NEW STANDING COMMITTEE (CURRENTLY 136 MEMBERS).

¶15. (C) WHILE EMBASSY SOURCES AGREE THAT CCP STANDING COMMITTEE MEMBER WU BANGGUO WILL REPLACE LI PENG, SOURCES ARE LESS CERTAIN ABOUT WHO WILL REPLACE THE OTHERS. SOUTHERN WEEKEND ON FEBRUARY 27 SUGGESTED THAT LEADERS MAY SEEK TO ADD TWENTY "SPECIAL MEMBERS" WHO ARE BEING TRANSFERRED TO THE NPC FROM GOVERNMENT POSITIONS DURING THE "PEAK OF THEIR CAREERS" IN ORDER TO CREATE A MORE PROFESSIONAL, TECHNICALLY PROFICIENT STANDING COMMITTEE, BUT DID NOT DISCLOSE ANY NAMES. SOURCES HAVE INDICATED THAT MANY DELEGATES ARE DISSATISFIED WITH THE LESS-THAN-DYNAMIC WU AS THE INDIVIDUAL WHO WILL GUIDE THE NPC OVER THE COMING YEARS, BUT NOBODY EXPECTS THE VOTE FOR WU TO BE ANYWHERE NEAR AS LOW AS THAT FOR THE LIKELY NEW CPPCC CHAIRMAN, JIA QINGLIN (REF C).

#### SUPREME PEOPLE'S COURT AND SUPREME PEOPLE'S PROCURATORATE

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¶16. (C) EMBASSY SOURCES CONCUR THAT XIAO YANG (64), THE PRESIDENT OF THE SPC, AND HAN ZHUBIN (71), PROCURATOR GENERAL OF THE SPP, ARE BOTH LIKELY TO RETIRE. SPC OFFICIALS HAVE SUGGESTED THAT XIAO'S EXECUTIVE VICE PRESIDENT, CAO JIANMING, IS MOST LIKELY TO REPLACE HIM, THOUGH CAO IS NOT A CENTRAL COMMITTEE MEMBER. SOURCES OUTSIDE THE SPC HAVE SUGGESTED THAT CENTRAL COMMITTEE MEMBER AND FORMER MINISTER OF PUBLIC SECURITY JIA CHUNWANG (64) COULD REPLACE HAN.

RANDT